

INFORMATION REPORT

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SUBJECT Activities of Metco, Hong Kong

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1. The Metropolitan Shipping Company (Metco), in Hong Kong, has been making arrangements for shipping facilities with representatives of Mortrans (Soviet merchant shipping agency) and the Chosen Sangsa, North Korean shipping agency.\* In early June, 1950, C. S. TSAO (TSAO Chi-sun) (曹吉孫), a director of Metco and husband of its manager, Miss Lucy LIANG, left Hong Kong by train for Pyongyang, North Korea, traveling via Canton, Shanghai, Tientsin, and Harbin. From Pyongyang he went to Dairen, where he conferred with ZEE (HSU Shih-chiang) (徐世昌), manager of the Metco branch at 113 Stalin Road, Dairen. After a brief visit at the Metco branch in Canton, TSAO was back in Hong Kong on 7 August.
2. During July, KIM Chong-su (金正樹)\*\* an adviser of the Metco Hong Kong office and a prominent member of the local Korean community, tried to obtain a visa to Japan as a commercial representative. His application, made through a Chinese travel service, was refused. About 14 July, KIM and all the other Koreans connected with the Metco office suddenly departed for Canton and reported to the Metco office there, at 14 Jen Chi (仁濟) Street. Since their departure, mail between the Hong Kong and Canton offices has been particularly heavy, and there are extensive daily telephone conversations. Confidential documents have been transmitted by special courier.
3. In late July, a sub-manager of the Chosen Sangsa from Pyongyang arrived in Hong Kong accompanied by TS'AI Yu-ts'un (蔡雨村), manager of the Canton Metco office. Both were still in Hong Kong in mid-August. The sub-manager stated that YI Won-hyon (李元賢),\*\* manager of the company in Pyongyang, intended to remain at his post in spite of bombings of the city.
4. In Hong Kong, the ship chandler patronized by Metco is A. Yuen & Chee Chong Company (Chih Chang Hang) (志昌行), 74 Connaught Road Central,\*\*\* Yuen, the firm manager, supplies all stores. His premises were searched by the police (reasons not known) in late July and he was still under surveillance in mid-August.
5. Insurance for the Metco export cargoes is the Ming An (Min An) (民安) Insurance Company,\*\* first floor, 108 China Building, Queen's Road Central. This

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firm, an affiliate of the People's Insurance Company of China, handles all-risk insurance for Communist sponsored Hong Kong firms, including the ships of the China Merchant Steam Navigation Company which are under the Communist flag. Ming An is also a Hong Kong agent for the American International Assurance Company, but this firm covers hull insurance only; cargo insurance is handled by Ming An. The company is managed by SHEN Jih-chang (沈日昌), deputy manager LI Shih-tung (李書棟).

6. Soviet shipping handled through the Metco agency in Hong Kong includes the following:
  - a. "ALDAN" is at Dairen, traveling between there and Tientsin regularly.
  - b. "AZOV" is at Hong Kong loaded with a cargo of beancake, registered tonnage 1,619 and a crew of 45 Koreans. The ship can move under combined horsepower of 1200.\*\*\*\* Radio gear includes transmitting apparatus, but no transmitting is permitted under Mortrans orders. The vessel receives radio instructions from Moiseyev, manager of the Dairen Mortrans office, daily between 2200 and 2400 Hong Kong time.\*\*\*\*\*
  - c. "ATVAZOVSKIY" is also at Hong Kong\*\*\*\* and has the same radio equipment and instructions as "AZOV." She is loaded with a cargo of beancakes, registered tonnage 1859, a crew of 58 Koreans, and 1,500 horsepower.
  - d. "POLTAVA" is in dock in Hong Kong,\*\*\*\* also equipped with radio and receiving orders from Dairen. She has a registered tonnage of 1821 and carries a crew of 57; her horsepower is 1500.
7. All three ships were under orders to leave Hong Kong for Sakhalin and thence for Vladivostok in late July. All three delayed in port, using various excuses, claiming that they awaited direct confirmation of the orders from Mortrans by radio or from Moscow.
8. "POLTAVA" repairs were completed in early August. A first payment of HK \$100,000 net was made to the Kowloon Dockyards on 4 August; a second payment of the same amount is due when the ship leaves the dock. The total repair bill is HK \$500,000, the remainder to be paid in two installments against a shop guarantee provided by Metco. In addition, "POLTAVA" has outstanding bills of HK \$200,000, for salaries, services, Chandler, etc., which Metco has been instructed by Mortrans to pay.
9. The Metco office in early September received an information copy of a telegram from Obrazov,\*\*\*\*\* the Vneshtorg representative in Shanghai, to Ivanchenko, the Eksportkhlod representative in Hong Kong, on 22 August, instructing Ivanchenko to send a Chinese representative to Shanghai to collect the funds required to complete payment for the "POLTAVA" repairs. The Chinese courier is believed to have departed for Shanghai 26 August. The captain of the "POLTAVA" believes that Vneshtorg is acting under direct orders from Moscow but offers no reason for his opinion.
10. A new Metco ship, the "EASTERN PRIDE", is commanded by Captain D. Blackwell, a British citizen. The chief engineer, a British subject born in Australia, is H. R. Chinn. In Canton, HUANG Chiao-o (黃紹我), a member of the Metco staff, suggested to KIM Chong-su that the crew for the new ship be employed through the Kowloon Seamen's Union and KIM approved. The crew hired through this means, however, show little interest in working and prefer to stand around talking politics. When a fireman named CHOU Ch'ih (周池) chalked on the boiler "Down with anti-Communists," the engineer stated that either he or the crew

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would resign. The matter was submitted to the union, which agreed to discharge fifteen of the nineteen crew members, then ten, but refused to discharge them all. The matter is still awaiting solution, since both the union and Chinn refused to compromise.

11. Metco has contracted to ship five lots of machinery through its facilities from Japan to various ports. A letter of credit was established through the Hongkong-Shanghai Banking Corporation in Hong Kong. The first lot, valued at US \$84,000, and the second lot, valued at US \$77,000, were loaded on the "EASTERN VENTURE" at Osaka on 16 June and sent to Chinnampo (125-24, 38-44), North Korea. The third and fourth lots, valued at US \$110,000 and US \$12,700 respectively, left Osaka on 28 July on the Butterfield and Swire vessel "PAKHOI" and are due in Hong Kong on 9 August. The fifth lot, which completes the shipment, comprising an entire spinning factory, is one set hydraulic baling press, still in Osaka. Metco plans to transship the last three lots to North Korea via Dairen. Japanese transactions were handled through the Metco branch office in Japan, at 4 Ginza, 1-Chome, Chuo-ku, Tokyo; its manager is Brasch.
12. The blockade of Korean waters has affected the Metco trade so that only a limited amount of cargo is shipped to and from Dairen. The firm's finances have already suffered, and loss of a cargo of beancake caused a serious difficulty. This cargo, shipped from Hong Kong on two Ben Line vessels, SS "BENCROUCHAN" and SS "BENCROUCH" on 12 and 18 May respectively, was discovered to have rotted and was discharged at Singapore. The firm lost HK \$1,031,243, the value of the cargo on the first vessel, plus HK \$500 paid for shipping charges.
12. Metco's employees number about 150, of whom fifty are on shore. Because of the financial difficulties suffered by the firm, one of the company officials gave verbal instructions to Richard YING of the Metco import department, to announce that most Metco personnel would be transferred to China, where living was less expensive. Another official of the firm informed an employee confidentially that Metco faced bankruptcy and might choose that method of evading its obligations in Hong Kong. Even if Metco itself failed, it has a subsidiary company, Nulanco, which could remain in operation in Hong Kong.

25X1A \* [REDACTED] Comment. [REDACTED] reported that Mortrans assets in Hong Kong were being transferred or sold to the Chinese Communist government, and that the Metco office in Hong Kong was to be closed. This report is therefore somewhat out-of-date, but contains background information which may be useful. For the relations of Metco, Nulanco, Mortrans, and the Korean Chosen Sangsa, see [REDACTED] 25X1A

25X1A \*\* [REDACTED] Comment. KIM has been previously identified as a vice-president of the Chosen Commercial Company and head of its Kowloon office. The Pyongyang manager was previously listed as YI Won-yong. See [REDACTED] 25X1A

25X1A \*\*\* [REDACTED] Comment. This firm is listed in the 1950 Hong Kong Dollar Directory as a ship chandler, A Yuen & Choong Co., at the address given here. The Ming An Insurance Company is not listed in this or other available Hong Kong directories.

25X1A \*\*\*\* [REDACTED] Comment. Movements of the three ships reported since the date of the original report indicate that the "AZOV", which sailed for Canton on 25 August (see [REDACTED]), went aground in the Pearl River at Shan Chi Heung, according to the Hong Kong Standard of 1 September. On 29 August "AIVAZOVSKY" discharged her cargo to the E. E. Jebson Company's "HOICHOU" and both she and "POLTAVA" as of that date were empty and moored in Kowloon Bay.

25X1A [REDACTED] Comment. SS "HOICHOU" has also been reported as SS "HOICHOU" or "HOICHOU", a Norwegian vessel, tonnage 1,959.

25X1A \*\*\*\*\* See [REDACTED]

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\*\*\*\*\* Field Comment. This is Nikolai Aleksandrovich Obratzov, frequently reported as director of Torgpredstvo in Shanghai. Nikolai Georgiyevich Ivanchenko was director of the Hong Kong office of Ekspromkhleb until it was officially closed in February 1950 and remained in the colony after that date in an unofficial capacity.

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